



Department of Justice

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MICHIGAN COMPANY AND EXECUTIVE RESOLVE CHARGES OF RIGGING TOOL CONTRACT BIDS TO GENERAL MOTORS

WASHINGTON, D.C.— Sauger Industries Inc., a Troy, Michigan machine tool company, and its president, John A. Baker, today pleaded guilty to charges related to a conspiracy to rig and allocate bids for tooling contracts on automotive projects to General Motors Corporation, the Department of Justice announced.

In a two-count indictment filed under seal on March 29, 2000, and unsealed on January 10, 2001, a federal grand jury charged Sauger and Baker with one count of rigging bids for tooling contracts on automotive projects to General Motors from 1989 until April 1995. Count Two of the indictment charged Sauger and Baker with conspiracy to commit mail fraud and money laundering.

Sauger pleaded guilty today in U.S. District Court in Detroit to the bid-rigging charge set forth in the indictment. The conspiracy to commit mail fraud and money laundering charge of the original indictment will be dismissed after the sentencing of Sauger. Additionally, Baker pleaded guilty to a superseding charge of conspiracy to commit mail fraud, and all of the charges in the original indictment will be dismissed after he is sentenced on the superseding charge.

“These conspirators denied their customer the benefits of competition in its award of tooling contracts,” said Charles A. James, Assistant Attorney General in charge of the Antitrust Division.

According to the charges, the participants carried out the bid-rigging and mail fraud schemes by arranging for the conspirators to be the only vendors allowed to bid on certain tooling contracts, designating which conspirators would be the winning bidder, and having the conspirators that were not designated as winners submit intentionally high and noncompetitive bids. As part of the conspiracy, the conspirators used or attempted to use the U.S. Postal Service to further the fraudulent activity.

Sauger pleaded guilty to violating the Sherman Act, which carries a maximum fine of \$10 million for a corporation. Baker pleaded guilty to violating 18 U.S.C. § 371, which carries a maximum penalty of five years imprisonment and a \$250,000 fine. Both sentences will be determined by the court.

The pleas announced today resulted from an ongoing investigation conducted jointly by the Antitrust Division's Cleveland Field Office and the Organized Crime Strike Force Unit of the U.S. Attorney's Office in Detroit, with assistance from the Detroit office of the Federal Bureau of Investigation and the Internal Revenue Service, Criminal Investigation.

Anyone with information concerning bid rigging, bribery, or fraud in the automotive tooling industry or concerning bid rigging on any governmental or private contract should contact the Cleveland Field Office of the Antitrust Division at (216) 522-4014 or the Detroit Division of the FBI at (313) 237-4169.

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